

# Legislative Audit Division

State of Montana



Report to the Legislature

March 2000

## Information System Audit

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## MSU Banner2000 System

Montana State University-Bozeman

This report provides information regarding our Information System Audit of application and security controls relating to Montana State University-Bozeman's Banner2000 System. It contains recommendations for improving controls over the Banner information systems environment. These recommendations address:

- ▶ Reconciliation procedures for the SABHRS update and human resources data supporting financial information.
- ▶ Controls over payroll procedures including incompatible payroll responsibilities, authorization and reconciliation controls, and controls over warrant stock.
- ▶ Intercampus access.
- ▶ Banner and Oracle access for employees.

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## INFORMATION SYSTEM AUDITS

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Members of the IS audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business, accounting and finance.

IS audits are performed as stand-alone audits of IS controls or in conjunction with financial-compliance and/or performance audits conducted by the office. These audits are done under the oversight of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

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March 2000

The Legislative Audit Committee  
of the Montana State Legislature

This report is our information system audit of controls relating to the Banner2000 System at Montana State University-Bozeman. This report contains recommendations for improving controls over reconciliation of the SABHRS update; human resource data not supporting financial information; controls over payroll procedures including incompatible payroll responsibilities, authorization and reconciliation controls, and controls over warrant stock. Controls could also be improved regarding access between campuses and inappropriate security access for employees. University responses to our audit recommendations are included in the back of the audit report.

We thank the University for its cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", with a long, sweeping horizontal line extending to the right.

Scott A. Seacat  
Legislative Auditor



# **Legislative Audit Division**

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## **Information System Audit**

### **MSU Banner2000 System**

**Montana State University-Bozeman**

Members of the audit staff involved in this audit were Rene Silverthorne,  
Wendy Kittleson, and Annie Walchuk.



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## Appointed and Administrative Officials

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### Board of Regents of Higher Education

Patrick P. Davison	Billings	2000
Edwin H. Jasmin	Big Fork	2004
Jeremy Fritz, Student Regent	Bozeman	2000
Lynn Morrison-Hamilton	Havre	2006
Richard Roehm	Bozeman	2005
Margie Thompson	Butte	2003
Deborah Wetsit	Billings	2001

Marc Racicot, Governor\*

Nancy Keenan, Superintendent of Public Instruction\*

\*Ex officio members

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Terry Roark, Interim President  
 David Dooley, Interim Provost and Vice President for Academic Affairs  
 Thomas Stump, Vice President for Administration and Finance  
 Thomas McCoy, Vice President for Research, Creative Activities, and Technology Transfer  
 Leslie Taylor, Legal Counsel  
 Dianna Wojtowicz, Controller  
 Virginia Key, Internal Auditor



### Introduction

We performed an information system audit of Montana State University's Banner2000 System. Banner2000 is a commercially developed computer application which operates on the University's mainframe.

MSU-Bozeman replaced previous systems with the following components: Banner Student in October 1998, Banner Financial Aid System in March 1999, and Banner Finance and Banner Human Resource System in July 1999. The Finance System allows MSU to track, maintain, and process its financial information. The General Ledger currently feeds financial information to the Statewide Accounting, Budgeting, and Human Resource System. The Banner Human Resource System includes Position Control, Position Budgeting, Applicant Tracking, Employment Administration, Time Entry, and Payroll Calculation modules to provide information needed to administer MSU's human resources. The Banner Student System includes thirteen modules used for scheduling, registration, accounts receivable, academic history, and other higher education functions. The Banner Financial Aid System handles the daily information processing activities of the Financial Aid Office. The system performs budgeting, needs analysis, and benefit packaging.

A discussion of the audit scope and objectives is included in Chapter I. Further discussion of the audit issues summarized below is included in Chapters II and III. Further discussion of the disclosure issue summarized below is included in Chapter IV.

*Overall, we found that Banner processes information as intended. However, the following control weaknesses were identified.*

### Inappropriate Banner Access Security

Banner forms, screens, and processes are assigned to classes. Users are assigned to a class or multiple classes based on their job duties. We identified critical forms or processes within each of the modules and reviewed the users with access to change data. We identified 336 of 473 employees with unnecessary access based on employee job duties.

## **Report Summary**

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### **Access Not Restricted Between Campuses**

The Banner Human Resource and Finance Systems share data from all four MSU campuses. Employees with access to change data for one campus have access to change the same type of data at the other three campuses.

The Banner software has the ability to restrict user access to data within particular areas of the system through Banner organizational security. Access to human resource and financial data should be limited to those individuals authorized to maintain specific information.

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### **Human Resource Data Does Not Support Financial Data**

After the monthly payroll is processed by human resource personnel, the information is posted to the Finance System. The total dollar amounts are reconciled at this time. Errors identified in payroll information must be corrected and resubmitted from the Human Resource System.

We identified discrepancies between Finance and Human Resource detail information. Errors occurred during conversion, and other errors occurred when items were coded incorrectly. Errors were identified by the controller's office and corrected directly in the Finance System, rather than correcting and resubmitting the human resource data.

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### **Transaction Interface to SABHRS**

The University of Montana developed interface programs used to feed financial data from Banner to SABHRS. MSU modified these programs for its use and added a process to identify warrants already written for student refund checks.

MSU had transactions, such as payments to vendors, that rejected and were not paid because personnel did not realize they needed to be corrected until a vendor called it to their attention. MSU is not reconciling SABHRS output with the information they send to the state for processing. As a result, errors are identified in an untimely manner and more time is required to track the problem and make corrections. MSU was not reviewing the reports because they did not realize they were available.

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### **Authorization and Reconciliation Controls**

During the audit, we identified areas where input controls need to be improved by preparing written payroll procedures. Departments do not have written policies that identify time sheet completion and approval procedures. Policies also do not define reconciliation procedures. Instead, they rely on employees to report any paycheck errors. Therefore, unauthorized changes entered in Banner may go undetected.

A written manual of procedures should be prepared for human resource information and should provide for management authorization to process transactions. The policies are also an effective means for providing departments with instructions on how to distribute warrants and reports and use this information to reconcile to input.

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### **Incompatible Payroll Responsibilities**

Human resource employees responsible for establishing new employee positions and entering employee time also have access to process payroll and create paychecks for employees. The responsibilities of establishing positions, entering time, and generating paychecks should be separated to prevent the processing of fictitious payroll information. This becomes even more critical since electronic approvals have not been set up in Banner.

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### **Controls Over Payroll Warrant Stock**

During the audit, we found that human resource personnel are not using a log to track the number of blank warrants removed from storage and taken to the Information Technology Center for printing. Blank warrants are returned to storage, and printed warrants are taken to the post office for envelope preparation and then back to payroll for distribution. There is no trail documenting the movement of paychecks between the different departments within the university.

Inventory records, such as a log, should be maintained to record the movement of payroll stock. A checkout log would provide documentation of the amount of stock removed from storage, the amount used, and the amount returned to storage, including who accessed the stock. Without an audit trail there is a risk that blank

## Report Summary

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stock or paychecks could be removed and used for unauthorized purposes.

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### **Disclosure Issue - Human Resource Leave Balance Conversion**

MSU payroll personnel, along with university programming staff, converted various human resource information from the previous system. Payroll personnel were unable to provide documentation of testing for leave balances and deduction and benefit election amounts, leaving no documentation to validate this data conversion. Personnel indicated there were errors in the converted balances because the information did not load completely; therefore, staff manually corrected the errors identified. Upon implementation, payroll personnel sent notices to employees requesting them to verify leave balances. Subsequent to the audit, three working groups have been established to verify leave balance information for all converted employees and correct identified errors.

# Chapter I - Introduction and System Background

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## **Introduction and System Background**

We performed an information system audit of Montana State University's Banner2000 System. Banner2000 is a commercially developed computer application which operates on the University's mainframe.

The Banner2000 System is made up of many interrelated components. MSU, including its affiliated campuses, selected the system components necessary for campus administration. Our audit focused on the MSU-Bozeman (MSU) campus. MSU replaced previous systems with the following four Banner components: Banner Student in October 1998, Banner Financial Aid System (FAS) in March 1999, and Banner Finance and Banner Human Resource System (HRS) in July 1999. Within each of the components are integrated modules MSU chose to implement. MSU personnel implemented all four components using existing human resources. MSU personnel requested an audit of implementation to help ensure accuracy of conversion and adequate controls are in place after conversion.

The **Banner Finance System** (Finance) includes the General Ledger, Accounts Receivable, Accounts Payable, and Purchasing modules. The Finance System allows MSU to track, maintain, and process its financial information. The General Ledger currently feeds financial information to the Statewide Accounting, Budgeting, and Human Resource System (SABHRS).

The **Banner Human Resource System** (HRS) includes Position Control, Position Budgeting, Applicant Tracking, Employment Administration, Time Entry, and Payroll Calculation modules to provide information needed to administer MSU's human resources.

The **Banner Student System** (Student) includes thirteen modules used for scheduling, registration, accounts receivable, academic history, and other higher education functions.

The **Banner Financial Aid System** (FAS) handles the daily information processing activities of the Financial Aid Office. The

## Chapter I - Introduction and System Background

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system performs calculations to support budgeting, needs analysis, and benefit packaging.

MSU plans to implement the Fixed Assets, Alumni Development, and an MSU-specific budget module in the future.

The University of Montana (UM) also operates Banner systems. MSU and UM worked with the Office of the Commissioner of Higher Education to develop a systemwide chart of accounts in order to ensure the Banner suite of information systems provides an integrated planning and management database for review of campus performance and management of the Montana University System. MSU worked with UM regarding the interface used to report financial information to SABHRS in Helena.

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### Organization of Report

This report is organized into four chapters. Chapter I provides an introduction and background on the Banner2000 System. Chapter II addresses concerns relating to security controls over the Banner2000 System. Chapter III covers concerns relating to application controls or data processed through the system. Chapter IV presents a disclosure issue regarding the conversion of human resource data.

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### Audit Objectives

The objectives of this audit were to:

1. Obtain information regarding the implementation of Banner2000 System at MSU.
2. Evaluate access controls over Banner human resources and financial data and processes.
3. Obtain an understanding of how the Banner modules interrelate, update financial records, and verify controls are in place over updates.
4. Identify controls over conversion and determine if human resource and accounts receivable information accurately converted to Banner.
5. Determine if input, processing, and output controls ensure information is processed accurately.



## **Chapter I - Introduction and System Background**

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### **Audit Scope and Methodology**

The audit was conducted in accordance with governmental auditing standards published by the United States General Accounting Office. This audit evaluated controls implemented by MSU over Banner.

We gathered information regarding the modules implemented by the MSU campus. We interviewed personnel and reviewed documentation related to the conversion of MSU's previous systems to Banner for human resource and accounts receivable information. We also reviewed selected processes in the Finance, Human Resource, Student, and Financial Aid modules. The audit evaluated controls over employee access to determine appropriateness based on the job duties assigned.

The audit reviewed Banner processes that interrelate and the interface used to update the SABHRS system in Helena.

### **Compliance**

We audited application processing to assess compliance with certain state and federal laws. We verified tax withholding rates on Banner agree with state and federal rates and retirement withholding rates comply with state law. We verified sick and annual leave are accrued at rates set by Board of Regents policies and procedures. We determined MSU is in compliance with laws applicable to the processing of payroll as tested.

The audit also evaluated student registration processing to verify student fees charged are in compliance with fees established by the Board of Regents. We determined the fee assessment program accurately processes student fees per credit based on the approved Board of Regents fee schedule.

### **Conclusion: Banner Processes Information as Intended**

In conclusion, we found that Banner processes information as intended. However, we found weaknesses in access security controls over the Banner systems. We also identified control weaknesses related to the Banner/SABHRS interface, HRS application controls, and conversion of human resource information as discussed in the following chapters.



# Chapter II - Access Security Controls

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## Introduction

Access controls provide electronic safeguards designed to protect computer systems and data. Proper access controls help prevent and detect deliberate or accidental errors caused by improper use or manipulation of data, programs, and/or computer resources. Appropriate access based on job duties prevents users from inadvertently or willfully executing programs or changing data unrelated to their job.

We reviewed access controls relating to the different layers of the computing environment. To effectively control access to Banner data, MSU must adequately control access to the systems that connect Banner users and allow them to share data. This chapter discusses problems we identified regarding electronic access controls.

## Inappropriate Banner Access Security

Banner has a multilevel security structure. Data is collected in the form of tables, such as MSU employee or student data. Access levels define the tables available and the functions that can be performed in those tables. Banner forms, screens, and processes are assigned to classes. Users are assigned to a class or multiple classes based on their job duties. We identified critical forms or processes within each of the modules and reviewed the users with access to change data. The following table identifies the modules reviewed and access concerns we identified based on employee job responsibilities.

## Chapter II - Access Security Controls

**Table 1**  
**Employees Granted Change Access**

	<u>Access Required</u>	<u>Access Granted</u>	<u>Recommend Access Removal</u>	<u>Unnecessary Access</u>
Banner Finance System:				
‣ Change vendor information	27	45	18	40%
‣ Designate accounting structure	5	28	23	82%
Banner HRS:				
‣ Set up new employee information	16	55	39	71%
‣ Set up employee position budgets	14	55	41	75%
‣ Enter or change employee time	14	56	42	75%
‣ Perform processes used to calculate payroll, accrue employee leave balances, and print warrants	3	56	53	95%
Banner FAS:				
‣ Financial aid distribution information	33	55	22	40%
Banner Student System:				
‣ Set up tuition and other student fees	3	80	77	96%
‣ Maintain and adjust accounts receivable balances	<u>22</u>	<u>43</u>	<u>21</u>	49%
Total Number of Employees	137	473	336	71%

**Source: Compiled by the Legislative Audit Division from the Banner2000 System.**

## Chapter II - Access Security Controls

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MSU personnel stated that they did not have enough time or resources to set up user classes specific to an employee's job duties during the implementation of Banner. Therefore, employees were assigned to classes that allowed broad access. Also, some of the users identified no longer work for MSU or have changed positions; therefore, access granted is not needed.

Inadequate security controls create the potential for unauthorized modifications to data. We observed an incident where an employee's payroll deductions were excluded for a pay period. The error was identified by payroll staff and corrected before payroll processed, but human resource personnel were unable to determine who removed the deduction information. In order to ensure Banner access is appropriate, MSU personnel should periodically review access and remove access for anyone who does not need it to perform their job.

### **Recommendation #1**

**We recommend MSU:**

- A. Assign employees to appropriate user classes or create additional classes based on employees' job duties.**
- B. Periodically review user access to Banner forms to ensure access is removed for terminated employees.**

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### **Access Not Restricted Between Campuses**

The Banner HRS and Finance Systems share data from all four MSU campuses. Employees with access to change data for one campus have access to change the same type of data at the other three campuses. An MSU employee with access to change employment benefits has the ability to change benefits for any of the employees at the Billings, Havre, or Great Falls campuses. The access restricts employees to certain types of transactions, but does not distinguish between campuses.

The Banner software has the ability to restrict user access to data within particular areas of the system through Banner organizational

## Chapter II - Access Security Controls

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security. For example, an employee's access could be limited so that they see only their campus's information.

Access to human resource and financial data should be limited to those individuals authorized to maintain specific information. All campuses need access to some of the shared system data. However, MSU personnel stated they have not had the time since Banner implementation to review the tables and define how access will be restricted between campuses.

### **Recommendation #2**

**We recommend MSU restrict employee access between campuses based on job duties or develop compensating controls to monitor access.**

# Chapter III - Banner Application Controls

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## Introduction

This chapter discusses problems relating to Banner components we reviewed and how the data is processed through these systems. The Banner Finance System is updated by the Accounts Payable, Accounts Receivable, and Purchasing modules. Banner Finance is also updated by the FAS, HRS, and Student Systems. We performed select testing on these components to determine how data is transferred between the modules and ultimately updates SABHRS. We focused application testing on HRS input, processing, and output controls.

Banner HRS supports a full range of functions necessary for human resource administration, such as compensation; budget preparation and monitoring; position control and staffing; applicant tracking; and payroll processing. The MSU-Bozeman and Havre campuses implemented HRS on July 1, 1999. The Billings and Great Falls campuses started using HRS January 1999. Each campus inputs, processes, and prints its own checks. We only reviewed MSU-Bozeman payroll operations.

## Human Resource Data Does Not Support Financial Data

After the monthly payroll is processed by human resource (HR) personnel, the information is posted to the Finance System. The total dollar amounts are reconciled at this time. Errors identified in payroll information must be corrected and resubmitted from the HR System. Our audit identified discrepancies between Finance and HR detail information.

Errors occurred during conversion, and other errors occurred when items were coded incorrectly. Errors were identified by the controller's office and corrected directly in the Finance System, rather than correcting and resubmitting the human resource data. Human resource personnel stated that they will be able to reconcile the total dollar amounts, but the detail of expenditures will not reconcile between systems for fiscal year 2000.

As a result, the human resource data does not support the financial system data. For example, benefits were incorrectly charged to salaries. In Finance, account numbers were changed to reflect the

## Chapter III - Banner Application Controls

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charge to benefits, but human resource data was not corrected. Human resource and finance personnel did not track the detail changes made and could not estimate the difference.

The human resource office was unaware that the controller's office was making corrections directly to financial information and did not perform periodic reconciliations between the systems for payroll detail information. Finance personnel have agreed that human resource personnel will complete all future changes.

### **Recommendation #3**

**We recommend MSU establish procedures for reconciling the differences between Human Resource and Finance Systems.**

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#### **Transaction Interface to SABHRS**

UM developed interface programs used to feed financial data from Banner to SABHRS. MSU modified these programs for its use and added a process to identify warrants already written for student refund checks. SABHRS generates online reports for both universities that list the transactions rejected from the interface. SABHRS will not accept rejected transactions until they are corrected and resubmitted.

MSU had transactions such as payments to vendors that rejected and were not paid because personnel did not realize they needed to be corrected until a vendor called it to their attention. MSU is not reconciling SABHRS output with the information they send to the state for processing. As a result, errors are identified in an untimely manner and more time is required to track the problem and make corrections.

MSU was not reviewing SABHRS reports because they did not realize they were available. Since we brought this tool to their attention, MSU personnel have started to monitor transaction processing. MSU stated they rely on information provided by UM's contact with the SABHRS support group and were not aware the reports were available for them to use. UM has asked MSU to



## Chapter III - Banner Application Controls

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provide a contact person for the SABHRS interface, but MSU stated they do not have the personnel available due to employee turnover.

### **Recommendation #4**

**We recommend MSU:**

- A. Assign responsibility for transaction monitoring.**
- B. Develop procedures to verify financial data is completely accepted for SABHRS processing.**

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### **Authorization and Reconciliation Controls**

Banner HRS input authorization controls verify all transactions have been properly authorized and approved prior to data entry. Payroll rosters, which are used to report faculty and employee time worked, are the source documents for payroll input. The rosters report the default pay period activity which is updated each pay period by department payroll clerks. During the audit, we identified areas where input controls need to be improved by preparing written payroll procedures.

Departments do not have written policies that identify time sheet completion and approval procedures. Four of six department reports we reviewed did not have a supervisor authorization for the employee time reported or subsequent changes to the time. Policies also do not define reconciliation procedures. Two of four departments we interviewed do not reconcile processed payroll to the original data submitted for input. Instead, they rely on employees to report any paycheck errors. Therefore, unauthorized changes entered in Banner may go undetected.

A written manual of procedures should be prepared for human resource information and should provide for management authorization to process transactions. The policies are also an effective means for providing departments with instructions on how to distribute warrants and reports and use this information to reconcile to input.

## Chapter III - Banner Application Controls

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The HR office acts as a central processor for payroll transactions submitted by the campus departments. To strengthen authorization controls over payroll, the departments should follow written procedures for the authorization of employee time worked. Also, reconciliation procedures performed within the department could ensure payroll is processed as intended.

### **Recommendation #5**

**We recommend MSU establish written policies over payroll input authorization and payroll reconciliation procedures.**

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### **Incompatible Payroll Responsibilities**

An employee position must be assigned a valid position in Banner before time can be charged and a paycheck generated. Human resource employees responsible for establishing new employee positions and entering employee time also have access to process payroll and create paychecks for employees. The responsibilities of establishing positions, entering time, and generating paychecks should be separated to prevent the processing of fictitious payroll information. This becomes even more critical since electronic approvals have not been set up in the Banner2000 System to provide internal controls.

Segregation can be achieved in Banner by restricting the types of forms and processes an employee can access. The personnel responsible for entering payroll and employee data should not have the ability to initiate or alter the processes that generate an employee's paycheck. The personnel that control the creation of paychecks should not have the ability to alter the data that determines an employee's earnings and benefits.

During HRS implementation some employees needed access to all of the functions in order to get payroll completed. MSU personnel stated that they are able to separate these functions now and assign them to specific employees.

## Chapter III - Banner Application Controls

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### **Recommendation #6**

**We recommend MSU restrict user access and separate incompatible payroll processing functions.**

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### **Controls Over Payroll Warrant Stock**

Payroll warrants are printed on a blank check stock that is maintained by the Human Resource Office. Payroll technicians transport the blank stock to the Information Technology Center (ITC), where the payroll data is printed on each warrant. The warrant stock is prenumbered with a sequential number on the back of each sheet.

During the audit, we found that human resource personnel are not using a log to track the number of blank warrants removed from storage and taken to ITC for printing. Blank warrants are returned to storage, and printed warrants are taken to the post office for envelope preparation and then back to payroll for distribution. The number of warrants given to the post office and returned to payroll is not tracked or verified. There is no trail documenting the movement of paychecks between the different departments within the university.

Inventory records, such as a log, should be maintained to record the movement of payroll stock. A checkout log would provide documentation of the amount of stock removed from storage, the amount used, and the amount returned to storage, including who accessed the stock. Every time payroll stock is accessed, a verification of the beginning and ending numbers used should be performed. ITC personnel should verify the beginning and ending number of stock used and returned to human resource personnel. Dual accountability helps to prevent erroneous record keeping.

Human resource personnel plan to start tracking the number of checks printed and verify this with the number of checks processed through the post office.

Without an audit trail there is a risk that blank stock or paychecks could be removed and used for unauthorized purposes.

## Chapter III - Banner Application Controls

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### Recommendation #7

We recommend MSU establish procedures to document the movement and use of payroll warrant stock.

## Chapter IV - Disclosure Issue

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### **Human Resource Leave Balance Conversion**

In order to ensure the Human Resource System began operations with complete and accurate information, MSU payroll personnel, along with university programming staff, converted various human resource information from the previous system to the Banner2000 Human Resource System. This information included:

- ▶ Employee name, social security number, birth date, marital status, ethnicity, citizen status, home address, campus address, and phone number.
- ▶ Position number, title, and funding source.
- ▶ Employee class, benefit category, leave category, hire date, anniversary date, leave balances, home department, check distribution, and district/division.

We requested documentation of the conversion testing to determine if the testing was comprehensive and whether identified errors were resolved prior to implementation. MSU personnel performed testing and provided documentation for the conversion of position, employee identification, and job information. However, payroll personnel were unable to provide documentation of testing for leave balances and deduction and benefit election amounts, leaving no documentation to validate this data conversion.

Conversion procedures and any testing performed for annual leave balances, deductions, and benefits were not documented for converted data. Personnel indicated there were errors in the converted balances because the information did not load completely; therefore, staff manually corrected the errors identified. Upon implementation, payroll personnel sent notices to employees requesting them to verify leave balances.

Subsequent to the audit, three working groups have been established to input ending previous system leave balances to HR and account for hours earned and taken for each pay period since conversion. Staff will compare calculated leave balances to the current Banner HR balances. The groups plan to verify leave balance information for all converted employees and correct identified errors.

## Chapter IV - Disclosure Issue

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We are disclosing this information because we cannot conclude on the completeness and accuracy of converted leave balances and deduction and benefit election amounts. Since there is no documentation on the conversion of these amounts and because the university realizes the importance by establishing the working groups, we make no recommendation at this time.

# Agency Response

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March 3, 2000

Mr. Scott Seacat  
Legislative Auditor  
Legislative Audit Division  
State Capital, Room 135  
P.O. Box 201705  
Helena, MT 59620-1705

Dear Mr. Seacat:

Enclosed you will find Montana State University's responses to the recommendations outlined in the narrative segment of the your Information Systems Audit Report.

Montana State University would like to thank the Legislative Audit Division for its efforts in regards to the Information Systems, February 2000, Audit of the MSU Banner2000 System. This productive audit illuminated many concerns shared by your office and the offices of Montana State University.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry P. Roark".

Terry Roark  
President

Enclosure

MAR 6 2000

**MONTANA STATE UNIVERSITY**  
Response to Audit Recommendations

**Recommendation #1**

- A. Assign employees to appropriate user classes or create additional classes based on employees' job duties.
- B. Periodically review user access to Banner forms to ensure access is removed for terminated employees.

**Montana State University concurs.**

- A. At this time, new roles are being defined to allow appropriate access, to remove access that is no longer needed, and to change access for employees who have changed job duties.
- B. The Banner Security Associate will generate user access reports for management review, and the Banner Security Associate has been incorporated into the termination notification process.

**Recommendation #2**

We recommend MSU restrict employee access between campuses based on job duties or develop compensating controls to monitor access

**Montana State University partially concurs.**

Although there may be increased exposure because of access between campuses, we believe restricting of employee access between campuses creates barriers to further consolidation of administrative processes and hampers MSU from streamlining its business practices. And, if implemented, would put MSU in direct opposition with the mandates and charges from the Board of Regents and the Commissioner of Higher Education. Even where Banner can technically support such restrictions, the cost to implement is very high, and the system overhead is considerable.

A pervasive set of compensating controls may be economically unfeasible to develop, maintain, and execute on a routine basis due to programming costs and lack of functional staff to run reports and monitor results. MSU will however continue to address priority areas.

### **Recommendation #3**

We recommend MSU establish procedures for reconciling the differences between Human Resource and Finance Systems.

**Montana State University concurs.**

Policy and procedure is in place to prohibit the type of activity which created the reconciling items. This policy & procedure should avoid any future discrepancies between the Human Resource and Finance modules.

### **Recommendation #4**

We recommend MSU:

- A. Assign responsibility for transaction monitoring.
- B. Develop procedures to verify financial data is completely accepted for SABHRS processing.

**Montana State University concurs.**

- A. Personnel has been assigned to ensure proper monitoring.
- B. MSU is currently in compliance with this recommendation.

### **Recommendation #5**

We recommend MSU establish written policies over payroll input authorization and payroll reconciliation procedures.

**Montana State University concurs.**

Written policies and procedures remain a goal of Banner Human Resources. Adequacy of staffing effects the attainment of this goal. June 2001 is targeted for this recommendation.

**Recommendation #6**

We recommend MSU restrict user access and separate incompatible payroll processing functions.

**Montana State University concurs.**

The restructuring of Banner Access Security in conjunction with Personnel and Payroll reorganization, both of which are currently in progress, will facilitate adequate segregation of duties in Human Resource functions.

It is anticipated that the reorganization will be completed June 2000.

**Recommendation #7**

We recommend MSU establish procedures to document the movement and use of payroll warrant stock.

**Montana State University concurs.**

The use of payroll warrant logs and separation of duties initiated since LAD's completion of fieldwork currently provides adequate documentation for use and movement of warrant stock.



